

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 26 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The ARC of East Ascension
Gonzales, Louisiana

We have audited the accompanying statements of financial position of The ARC of East Ascension (a nonprofit organization) as of June 30, 2012 and 2011 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of The ARC of East Ascension's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The ARC of East Ascension as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2012 on our consideration of The ARC of East Ascension's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Netterville

Gonzales, Louisiana
November 1, 2012

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS		
	<u>2012</u>	<u>2011</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 91,342	\$ 226,695
Certificates of deposit	476,551	470,627
Accounts receivable	486,826	342,515
Accrued interest income	113,260	122,256
Prepaid expenses	29,821	18,134
Investments	<u>1,765,997</u>	<u>1,859,095</u>
Total current assets	<u>2,963,797</u>	<u>3,039,322</u>
<u>FIXED ASSETS</u>		
Land, building, and equipment - net	<u>1,667,237</u>	<u>1,688,699</u>
Total assets	<u>\$ 4,631,034</u>	<u>\$ 4,728,021</u>
LIABILITIES AND NET ASSETS		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 27,429	\$ 56,288
Line of credit	60,000	15,000
Accrued liabilities	273,866	211,932
Deferred revenue	<u>44,503</u>	<u>39,543</u>
Total current liabilities	<u>405,798</u>	<u>322,763</u>
<u>NET ASSETS</u>		
Unrestricted:		
Operating	3,047,590	3,173,783
Board designated:		
Individual subsidy funds	777,646	831,475
Emergency funds	<u>400,000</u>	<u>400,000</u>
Total unrestricted net assets	<u>4,225,236</u>	<u>4,405,258</u>
Total liabilities and net assets	<u>\$ 4,631,034</u>	<u>\$ 4,728,021</u>

The accompanying notes are an integral part of these statements.

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	<u>2012</u>
<u>REVENUES AND OTHER SUPPORT:</u>	
Public Support:	
Contributions from Government Agencies	\$ 4,010,292
Allocated by Capital Area United Way	23,311
Contributions, fundraising, and other	77,537
Other Revenue:	
Membership dues - individual	1,250
Sales to public	91,521
Investments	(35,412)
Total revenues and other support	<u>4,168,499</u>
<u>EXPENSES:</u>	
Program Services:	
Adult day training	729,881
Adult and child support for independent living	2,764,970
Elderly & Respite Care Facility Based	411,413
Support Services:	
Management and general	442,257
Total expenses	<u>4,348,521</u>
Change in net assets	(180,022)
Net assets at beginning of year	<u>4,405,258</u>
Net assets at end of year	<u><u>\$ 4,225,236</u></u>

The accompanying notes are an integral part of this statement.

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	<u>2011</u>
<u>REVENUES AND OTHER SUPPORT:</u>	
Public Support:	
Contributions from Government Agencies	\$ 3,625,840
Allocated by Capital Area United Way	23,443
Contributions, fundraising, and other	34,481
Other Revenue:	
Membership dues - individual	2,885
Sales to public	67,366
Investments	213,977
Total revenues and other support	<u>3,967,992</u>
<u>EXPENSES:</u>	
Program Services:	
Adult day training	651,889
Adult and child support for independent living	2,440,134
Elderly & Respite Care Facility Based	368,277
Support Services:	
Management and general	441,631
Total expenses	<u>3,901,931</u>
Change in net assets	66,061
Net assets at beginning of year	<u>4,339,197</u>
Net assets at end of year	<u><u>\$ 4,405,258</u></u>

The accompanying notes are an integral part of this statement.

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (180,022)	\$ 66,061
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	89,850	90,503
Bad debt	47,443	79,684
Deferred revenue	4,960	39,543
Unrealized (gain) loss in investments	38,108	32,177
Realized (gain) loss on investments	12,410	(72,926)
(Increase) decrease in accounts receivable and prepaid expenses	(194,445)	(222,216)
Increase (decrease) in accounts payable and other accrued expenses	33,075	26,187
Net cash provided by (used in) operating activities	<u>(148,621)</u>	<u>39,013</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Net (increase) decrease in certificates of deposit	(5,924)	(27,137)
Purchases of property and equipment	(68,388)	(33,774)
Proceeds from sales of investments	164,181	873,745
Purchases of investments	<u>(121,601)</u>	<u>(986,926)</u>
Net cash used in investing activities	<u>(31,732)</u>	<u>(174,092)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from short-term debt	239,000	60,000
Payments on short-term debt	<u>(194,000)</u>	<u>(45,000)</u>
Net cash provided by financing activities	<u>45,000</u>	<u>15,000</u>
Net decrease in cash and cash equivalents	(135,353)	(120,079)
Cash and cash equivalents at beginning of year	<u>226,695</u>	<u>346,774</u>
Cash and cash equivalents at end of year	<u>\$ 91,342</u>	<u>\$ 226,695</u>
Supplemental data:		
Interest paid	<u>\$ 635</u>	<u>\$ 1,579</u>

The accompanying notes are an integral part of these statements.

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The ARC of East Ascension (the Association) is a non-profit organization formed to furnish mentally and physically disabled individuals of Ascension Parish and other surrounding areas with education and recreation opportunities including, but not limited to, the following:
- Developing job skills,
 - Developing personal and work adjustments,
 - Providing, developing, and promoting employment opportunity,
 - Promoting independent learning skills, and
 - Providing goods and services needed by the disabled to achieve the above goals.

- B. To ensure proper usage of restricted and unrestricted assets, the Association maintains its accounts according to generally accepted accounting principles, whereby funds are classified in accordance with specified restrictions or objectives.

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Association in accordance with its bylaws. Additionally, the Board has designated certain unrestricted net assets for specified purposes.

- C. Buildings and equipment are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives:

Buildings	10 - 40 years
Vehicles	3 - 5 years
Furniture and equipment	5 - 10 years

- D. Management considers accounts receivable that are more than 30 days old to be past due. Additionally, management has determined that accounts receivable that are more than one year old may not be collectible. Therefore, the reserve for uncollectible accounts is based upon the balance of receivables that are more than one year old. At June 30, 2012 and June 30, 2011, the allowance for doubtful accounts were \$27,900 and \$79,574, respectively.
- E. The majority of the Association's revenue is derived from third-party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies.
- F. Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

- G. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. During the year ended June 30, 2012 and 2011, there was no restricted support.

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

- H. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- I. The Association considers all cash accounts, money market funds, and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents.
- J. Vacation is earned at varying rates depending on length of service. At June 30, employees have the option to defer a maximum of 40 hours. The amounts related to this leave at June 30, 2012 and 2011 of \$23,846 and \$9,929, respectively, has been recorded.
- K. The Association accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). On January 1, 2009, the Association adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

The Association is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Association has not recorded a provision for income taxes in the accompanying financial statements and the Association does not have any uncertain tax positions. The Association files a federal income tax return under U.S. federal jurisdiction. With few exceptions, the Association is no longer subject to U.S. federal examinations by tax authorities for the year before 2007

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

- L. Expenses are charged directly to programs in categories based on specific identification. Indirect expenses have been allocated based on total expenses for each program.

2. Cash and Certificates of Deposit

The ARC of East Ascension typically maintains cash, money market funds, and certificates of deposit in local banks, which may, at times, exceed the FDIC limits. Management believes the risk is limited. At June 30, 2012, the Association had an uninsured cash balance of \$226,589.

3. Fair Values of Financial Instruments

In Accordance with the Fair Value Measurements and Disclosure topic of FASB ASC, disclosure of fair value information about financial instruments, whether or not recognized in the statements of financial position is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented may not represent the underlying value of the Association.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Association groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

3. Fair Values of Financial Instruments (continued)

- **Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.**
- **Level 2 – Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.**
- **Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.**

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

Securities

Securities are classified within Level 1 where quoted market prices are available in an active market. Inputs include securities that have quoted prices in active markets for identical assets. If quoted market prices are unavailable, fair value is estimated using pricing models or quoted prices of securities with similar characteristics, at which point the securities would be classified within Level 2 of the hierarchy.

The following table presents for each fair value hierarchy levels, of the Association's financial assets and liabilities that are measured at fair value on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2012				
Annuity	-	-	901,858	901,858
Money market fund	10,904	-	-	10,904
Mutual funds invested in:				
Bonds	234,200	-	-	234,200
Stocks	619,035	-	-	619,035
	<u>\$ 864,139</u>	<u>\$ -</u>	<u>\$ 901,858</u>	<u>\$ 1,765,997</u>

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

3. Fair Values of Financial Instruments (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2011				
Annuity	-	-	967,252	967,252
Money market fund	19,134	-	-	19,134
Mutual funds invested in:				
Bonds	187,458	-	-	187,458
Stocks	685,251	-	-	685,251
	<u>\$ 891,843</u>	<u>\$ -</u>	<u>\$ 967,252</u>	<u>\$ 1,859,095</u>

The change in fair value of The ARC of East Ascension's level 3 investment for June 30, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of the year	\$ 967,252	\$ 888,642
Cash withdrawal	(59,000)	(59,000)
Earnings & change in fair value	(6,394)	137,610
Balance, end of the year	<u>\$ 901,858</u>	<u>\$ 967,252</u>

The summary of investment return for the year ended June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Interest & dividend income	\$ 21,499	\$ 44,882
Realized gain/(loss)	(12,410)	72,926
Unrealized loss on mutual funds	(38,108)	(32,177)
Annuity earnings	(6,393)	128,346
	<u>\$ (35,412)</u>	<u>\$ 213,977</u>

4. Lease Agreement

The land on which The ARC of East Ascension's building is located is leased from the Parish of Ascension. The lease period is ninety-nine (99) years with maturity on February 28, 2081. The lease for the property is one dollar (\$1.00) annually.

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

5. Fixed Assets

Fixed Assets at June 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Buildings	\$ 1,671,357	\$ 1,671,357
Vehicles	341,044	285,794
Furniture and equipment	206,095	204,458
Land and land improvements	273,444	254,046
Construction in progress	<u>-</u>	<u>7,900</u>
	2,491,940	2,423,555
Less: Accumulated depreciation	<u>(824,703)</u>	<u>(734,856)</u>
	<u>\$ 1,667,237</u>	<u>\$ 1,688,699</u>

Depreciation expense was \$89,850 and \$90,503 for the years ended June 30, 2012 and 2011, respectively.

6. Line of Credit

During 2011, the Association opened a \$150,000 line of credit with a local bank. The line of credit is secured by a certificate of deposit, has a maturity date of December 2012, and has an interest rate of 4% per annum. As of June 30, 2012, the unused amount of the line of credit was \$90,000.

7. Retirement Plan

The ARC of East Ascension adopted a 401(K) profit sharing plan effective May 1, 2000. The plan covers substantially all full time employees. The Association has the discretionary right to determine the amount of any employer matching contribution made for a plan year. The Association's contributions for the years ended June 30, 2012 and 2011 were \$4,246 and \$0, respectively.

8. Economic Dependency

The ARC of East Ascension derives its revenues from governmental sources (Medicaid) as earned revenue or grants, the loss of which would have a material adverse effect. During the years ended June 30, 2012 and 2011, revenue derived from governmental sources accounted for approximately 95% and 89% of total revenue, respectively, and accounts receivable at year-end were related to such revenues.

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

9. Related Parties

During the year ended June 30, 2012 and 2011, the Association expended \$243 and \$874, respectively, for services from a business owned by a board member.

Additionally, a related board member is designated as the annuitant for an annuity contract entered into by the Association.

10. Commitments and Contingencies

As of June 30, 2012 and 2011, the Association had an outstanding commitment for a construction contract of \$- and \$7,900, respectively.

11. Subsequent Events

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 1, 2012, and has determined that no events occurred that require disclosure.

SUPPLEMENTARY INFORMATION

THE ARC OF EAST ASCENSION
(A NOT FOR PROFIT ORGANIZATION)
SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2012 AND 2011

	PROGRAM SERVICES								SUPPORTING SERVICES		Total Expenses	
	Adult Day Training		Adult and Child Support for Independent Living		Elderly and Respite Care Facility Based		Total		Management and General			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Salaries and payroll taxes	\$ 494,291	\$ 462,864	\$ 2,200,643	\$ 1,981,042	\$ 280,359	\$ 231,970	\$ 2,975,293	\$ 2,675,876	\$ 314,392	\$ 302,809	\$ 3,289,685	\$ 2,978,685
Employee Benefits	32,096	29,156	132,409	124,850	6,520	4,834	171,025	158,840	23,367	27,602	194,392	186,442
Professional fees & contract services	-	-	-	-	-	-	-	-	62,183	32,486	62,183	32,486
Office supplies	576	863	1,469	727	1,544	4,041	3,589	5,631	15,952	16,212	19,541	21,843
Telephone	4,562	4,086	4,186	5,224	1,658	714	10,406	10,024	24,085	27,475	34,491	37,499
Occupancy	1,368	1,145	35,111	35,439	15,272	16,356	51,751	52,940	25,376	35,201	77,127	88,141
Transportation	69,101	62,584	42,452	41,073	7,654	447	119,207	104,104	6,696	5,022	125,903	109,126
Repairs & maintenance	5,417	3,351	275	-	-	545	5,692	3,896	35,862	34,097	41,554	37,993
Training Supplies	409	1,679	10,722	9,035	-	-	11,131	10,714	492	1,849	11,623	12,563
Conferences, conventions & meetings	-	-	-	-	-	-	-	-	13,471	11,132	13,471	11,132
Individual subsidy	-	-	7,633	3,319	-	-	7,633	3,319	-	-	7,633	3,319
Interest	-	-	-	-	-	-	-	-	635	1,579	635	1,579
Insurance	27,750	12,163	102,625	44,609	7,318	3,166	137,693	59,938	55,605	55,181	193,298	115,119
Marketing	-	-	885	0	-	-	885	-	8,099	10,948	8,984	10,948
Bad debts	9,131	8,990	27,904	20,994	10,408	48,113	47,443	78,097	-	1,587	47,443	79,684
Other	15,858	(199)	12,476	7,224	32,233	17,878	60,567	24,903	69,793	58,870	130,360	83,773
Allocation of administrative expenses	44,504	40,925	186,180	164,702	20,673	14,009	251,357	219,636	(251,009)	(218,540)	348	1,096
Total expense before depreciation	705,063	627,607	2,764,970	2,438,238	383,639	342,073	3,853,672	3,407,918	404,999	403,510	4,258,671	3,811,428
Depreciation of building & equipment	24,818	24,282	0	1,896	27,774	26,204	52,592	52,382	37,258	38,121	89,850	90,503
Total Expenses	\$ 729,881	\$ 651,889	\$ 2,764,970	\$ 2,440,134	\$ 411,413	\$ 368,277	\$ 3,906,264	\$ 3,460,300	\$ 442,257	\$ 441,631	\$ 4,348,521	\$ 3,901,931

See Independent Auditors' Report

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
The ARC of East Ascension
Gonzales, Louisiana

We have audited the financial statements of The ARC of East Ascension (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The ARC of East Ascension's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The ARC of East Ascension's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The ARC of East Ascension's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The ARC of East Ascension's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Perkethwait & Mathurillo

Gonzales, Louisiana

November 1, 2012

THE ARC OF EAST ASCENSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of The ARC of East Ascension.
2. No material weaknesses relating to the audit of the financial statements were reported as of June 30, 2012.
3. No instances of noncompliance material to the financial statements of The ARC of East Ascension were disclosed during the audit.

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

THE ARC OF EAST ASCENSION

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE